

Message Text

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64

ACTION ARA-20

INFO OCT-01 ISO-00 SS-20 SP-03 L-03 NSC-07 CIAE-00 INR-11

NSAE-00 PA-04 RSC-01 USIA-15 PRS-01 EB-12 COME-00

OMB-01 TRSE-00 AGR-20 STR-08 DRC-01 /128 W

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R 041415Z OCT 74

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 8271

INFO AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMCONSUL GUAYAQUIL

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: ETRD, CS

SUBJECT: COSTA RICA NEARING A DECISION ON BANANA TAX PROBLEM

1. JORGE ROSSI, PRESIDENT OF THE NATIONAL BANANA ASSOCIATION (ASBANA) AND FORMER VICE PRESIDENT OF THE REPUBLIC, TOLD EMBOFFS OCTOBER 3 THAT THE COSTA RICAN GOVERNMENT IS CLOSE TO A DECISION ON THE BANANA TAX PROBLEM. HE EXPECTS THE DECISION TO BE READY BY NEXT WEEK AND HAS URGED THE GOCR TO COMMUNICATE ITS THINKING PRIVATELY TO THE BANANA COMPANIES AND SEEK THEIR REACTION BEFORE

MAKING ANY ANNOUNCEMENT OR GIVING ANY PARTICULARS TO THE PRESS. ROSSI HAS BEEN A CLOSE ADVISOR TO THE GOVERNMENT ON THE BANANA PROBLEM AND HE HOPES THAT THEY WILL FOLLOW HIS ADVICE, BUT SECRETS DO
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NOT LAST LONG IN COSTA RICA.

2. ROSSI DOES NOT THINK THAT THE GOCR WILL ACCEPT THE HONDURAN FORMULA. HE BELIEVES THAT THEY WILL INSIST ON MOVING TO THE 50 CENT TAX WITHIN TWO YEARS (BY 1976), RATHER THAN OVER A FIVE-YEAR PERIOD. THERE WILL ALSO BE A HIGHER PRICE PAID TO INDEPENDENT PRODUCERS WHO ARE NOW RECEIVING \$1.98 PER BOX, INCLUDING THE GOVERNMENT PAYMENT FROM THE TAX PROCEEDS.

3. ROSSI HAS SUBMITTED HIS RESIGNATION AS HEAD OF ASBANA FOR PERSONAL REASONS, BUT IT HAS NOT YET BEEN ACCEPTED BY PRESIDENT ODUBER (THE GOVERNMENT HAS A TWO-THIRDS INTEREST IN ASBANA).
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Message Attributes

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Disposition History: n/a
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Disposition Remarks:
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To: STATE
Type: TE
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